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Determinants of NBA Average Annual Attendance by Team

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Determinants of NBA Average Annual Attendance by Team

By Kevin McGee

Introduction

Examining the characteristics of NBA teams that determine that team's average annual attendance is useful beyond explaining attendance anomalies to the common fan. The NBA itself is interested in determining which characteristics of teams bring in more attendance. By determining which characteristics of a team's home city are important to determining attendance, the league can better evaluate which cities are properly equipped to host new NBA teams. Better identification of a city's ability to host a team leads to better decision making in deciding whether or not to expand the league by adding new teams or improve the league by relocating teams to new cities. NBA owners also have an interest in determinants of NBA team attendance. If owners can find ways to increase attendance without lowering price, perhaps by changing the team's playing style, they can become overall more profitable.

Results

- A 1% increase in the **previous year's average attendance** increases attendance by about .902% in the current year
- **Winning** 8 more games in a season raises attendance by about 2%
- A 1% increase in a team's **home city population** increases attendance by about 0.05%
- A one percentage point increase in **home city unemployment** rate decreases attendance by about 1%
- An NBA team's attendance will be 3.5% lower if it **shares a city with an NFL team**
- **Building a brand new arena** increases attendance by about 19% for the next season

Implications

Since no playing statistics were found to be statistically significant determinants of NBA attendance, there is no evidence to suggest that a team's playing style impacts attendance. Instead owners should focus on winning to increase attendance.

Population, unemployment rate and whether or not there is an NFL team in the area all were found to affect attendance. What does this mean for cities like Des Moines looking to acquire an NBA team? Judge for yourself! The table on the right shows the list of the top 50 metropolitan areas by population.

LARGEST UNITED STATES METRO AREAS				
Rank	First Principal City	CSA 2012 Estimate	Unemployment Rate	NFL Team?
1	New York, New York	23,462,099	4.4	Y
2	Los Angeles, California	18,238,998	5.4	Y
3	Chicago, Illinois	9,899,902	5.7	Y
4	Washington, DC	9,331,587	3.8	Y
5	San Jose, California	8,370,967	3.8	Y
6	Boston, Massachusetts	8,091,371	4.1	Y
7	Philadelphia, Pennsylvania	7,449,428	4.1	Y
8	Dallas, Texas	7,095,411	3.7	Y
9	Miami, Florida	6,375,434	5	Y
10	Houston, Texas	6,371,677	4.6	Y
11	Atlanta, Georgia	6,092,295	4.9	Y
12	Detroit, Michigan	5,311,449	5.4	Y
13	Seattle, Washington	4,399,482	5	Y
14	Phoenix, Arizona	4,329,534	4.7	Y
15	Minneapolis, Minnesota	3,759,978	3.1	Y
16	Cleveland, Ohio	3,497,711	4	Y
17	Denver, Colorado	3,214,218	3.1	Y
18	San Diego, California	3,177,063	4.7	Y
19	Portland, Oregon	2,992,924	4.7	N
20	Orlando, Florida	2,920,603	4.3	N
21	St. Louis, Missouri	2,900,605	4.3	N
22	Tampa, Florida	2,842,878	4.4	Y
23	Pittsburgh, Pennsylvania	2,661,369	4.3	Y
24	Sacramento, California	2,462,722	5.5	N
25	Charlotte, North Carolina	2,454,619	4.9	Y
26	Kansas City, Missouri	2,376,631	3.8	Y
27	Salt Lake City, Utah	2,350,274	2.8	N
28	Columbus, Ohio	2,348,495	3.9	N
29	Indianapolis, Indiana	2,310,360	4.1	Y
30	Las Vegas, Nevada	2,247,056	6.2	N
31	San Antonio, Texas	2,234,003	3.5	N
32	Cincinnati, Ohio	2,188,001	4.3	Y
33	Milwaukee, Wisconsin	2,037,542	4.5	N
34	Raleigh, North Carolina	1,998,808	4.4	N
35	Nashville, Tennessee	1,845,235	4.2	Y
36	Austin, Texas	1,834,303	3.1	N
37	Virginia Beach, Virginia	1,803,080	4.5	N
38	Greensboro, North Carolina	1,611,243	5.3	N
39	Providence, Rhode Island	1,601,374	4.9	N
40	Jacksonville, Florida	1,502,515	4.5	Y
41	Hartford, Connecticut	1,488,570	5	N
42	Louisville, Kentucky	1,478,637	4.5	N
43	New Orleans, Louisiana	1,452,502	4.7	Y
44	Grand Rapids, Michigan	1,395,128	2.8	N
45	Greenville, South Carolina	1,384,996	4.6	N
46	Memphis, Tennessee	1,369,548	6.1	N
47	Oklahoma City, Oklahoma	1,367,325	3.3	N
48	Birmingham, Alabama	1,309,818	5.3	N
49	Richmond, Virginia	1,231,980	4.1	N
50	Harrisburg, Pennsylvania	1,228,559	3.2	N
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80	Des Moines, Iowa	742,936	3.2	N

Metro Area:
Currently has an NBA Team
Without an NBA Team, but has both a high unemployment rate and NFL team
Without an NBA Team, but has either a high unemployment rate or NFL team
Without an NBA Team, and has both a low unemployment rate and no NFL team

Median Metro Area Population of Current NBA Teams: 4,329,534
Median Metro Area Unemployment Rate of Current NBA Teams: 4.4